



GENERAL INFORMATION SHEET

Purpose of Plan:

The purpose of the ASBA Supplemental integrated Pension Plan (ASBA SiPP) is to give school boards the ability to provide compensation to their senior management staff in the form of improved or supplemental pension benefits. School boards may find this compensation option useful when they are trying to attract or retain senior employees.

Currently, school board employees participate in the government sponsored Alberta Teacher's Retirement Fund (ATRF) or Local Authorities Pension Plan (LAPP).

For more senior employees, the ATRF or LAPP alone may not be competitive when compared to pension benefits for executives in the private sector because the ATRF and LAPP do not provide the maximum pension allowable under the Income Tax Act (ITA)

Supplemental to the ATRF and LAPP, the ASBA SiPP provides the maximum pension allowable under the ITA.

The SiPP umbrella encompasses a registered and non registered component.

PLAN SPONSORSHIP AND WHO TO CONTACT

Plan Sponsorship:

The Alberta School Boards Association [ASBA] sponsors the registered Supplemental integrated Pension Plan (ASBA SiPP) for the benefit of participating school boards and their senior management employees. The registered ASBA SiPP is governed by a board of trustees made up of two school board trustees, a representative from ASBA and a representative from the College of Alberta School Superintendents (CASS).

The registered SiPP is subject to pension legislation and is registered with Alberta Finance and the Canada Revenue Agency.

The registered SiPP provides a prospective benefit only (go forward - accruing for service on or after the time a school district begins participation). Members cease accruing pension credit upon reaching 35 years of service in ATRF or LAPP.

Individual school boards sponsor the non registered pension plan.

The SiPP non registered is not subject to provincial pension legislation and individual school boards may tailor the programs as they wish. It is recommended that school boards obtain professional advice on setting up the non registered pension plan. Currently, the non-registered SiPP ceases accruing at 35 years of ATRF or LAPP service.

How Does The ASBA SiPP Supplement Existing Pension Plans:

The ASBA SiPP (registered) provides an improved pension in two ways. The registered SiPP supplements existing pension plans providing a full 2% benefit per year of service and removes the deduction for employees with dependents. The registered SiPP is a defined benefit plan.

The SiPP non registered allows employees to earn pension benefits on salary that is presently excluded for pension purposes because it is above the cap determined by the Canada Revenue Agency.

The Registered Plan:

The Alberta School Boards Association [ASBA] sponsors the registered Supplemental integrated Pension Plan (ASBA SiPP).

The ATRF or LAPP provide a benefit upon retirement of:

- 1.4% of the average of the best five consecutive years of salary per year of service on salary up to the Canada Pension Plan (CPP) yearly maximum pensionable earnings (YMPE) plus
- 2.0% of the average of the best five consecutive of salary per year of service on salary above the CPP YMPE but below the CRA Maximum

The SiPP registered plan will supplement this amount by increasing the 1.4% benefit on salary up to the YMPE to 2%.

Therefore, the registered SiPP provides a supplementary lifetime pension benefit of 0.6% per year of service under the ASBA SiPP times the best five consecutive years' earnings up to the YMPE averaged for the period provided that the pension benefit earned does not exceed the maximum annual pension accrual set by CRA.

In addition, pensions under the ATRF and LAPP are calculated on the basis that they will be paid to the pensioner only. If a pension is to be payable to a survivor on the death of the pensioner then the benefit is reduced by about 9% on average at the outset.

The registered SiPP will supplement the pension benefit by the amount of this reduction therefore the surviving pension partner will receive 2/3 pension on member's death.

The Non Registered Plan:

Individual school boards sponsor the non registered pension plan.

Current federal tax laws and regulations establish a maximum pension benefit that an employee may earn for any given year of service in a registered defined benefit plan. Under the non registered pension plan, an employer promises a benefit to an employee on retirement provided it is only a promise and no monies are pre-funded for the benefit of the employee. So long as it is only a promise, there is no deemed benefit and no tax is applied until the benefit is actually paid. However, it is possible to set aside funds in an "ear-marked" asset in respect of the liabilities of the non-registered SiPP program. These assets remain the property of the employer and are not for the exclusive use of providing non-registered SiPP benefits.

The non registered plan will provide the same benefit (2% of average of the best five consecutive years of salary above the CRA maximum per year of service in the non registered plan).

School boards participating in the non registered plan should have their liability evaluated by actuary on an annual basis.

Contact Information:

The ASBA SiPP is administered by

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For more specific information please refer to the SiPP administration binder and approved plan documents.